



**PROMOTORA DE INFORMACIONES, S.A.
(PRISA)**

CORPORATE GOVERNANCE COMMITTEE

**ANNUAL REPORT
2017**

Madrid, February 2018.

*English translation for information purposes only.
In case of discrepancies between the Spanish original and
the English translation, the Spanish version shall prevail*

CORPORATE GOVERNANCE COMMITTEE ANNUAL REPORT

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I.- INTRODUCTION

The Corporate Governance Committee of PROMOTORA DE INFORMACIONES, S.A. (“PRISA” or the “Company”) (hereinafter the “Committee”) issues this report concerning its performance and activities during the 2017 financial year in order for the Board of Directors, if deemed appropriate, to make available to the shareholders the information regarding the functions and activities carried out during 2017 by the Committee.

The Committee is governed by article 26 ter of PRISA Bylaws and by articles 26 and related of the Regulation of the Board of Directors.

II.- COMPOSITION

On December 31, 2017, and also at the date of issuance of this report, the composition of the Committee is as follows:

Chairman: Mr. Javier Monzón de Cáceres.- External Independent Director.

Members:

Mr. Dominique D’Hinnin - External Independent Director.

Mr. Javier Gómez- Navarro Navarrete . - External Independent Director.

Mr. Joseph Oughourlian.- External Director (representing significant shareholdings)

Shk. Dr. Khalid Bin Thani Bin Abdullah Al-Thani.- External Director (representing significant shareholdings)

Over the course of 2017, the Company restructured the Board of Directors and its Committees.

Specifically, Mr. Ernesto Zedillo (former Chairman of the Committee) and Ms. Blanca Hernández ceased to be members of this Committee, following their resignations as directors in November and June 2017, respectively. Mr. John Paton has no longer been a member of this Committee since November but continues as a director of the Company.

In its composition, the Committee complies with the requirements of applicable law and as provided in the internal rules of the Company: Article 26 of the Bylaws and article 26 of the Regulation of the Board of Directors provide that the Corporate Governance Committee be composed of a minimum of three and a maximum of five non-executive directors, at least two (2) of them must be independent Directors and the Chairman shall be an independent director.

The Committee's secretary is the secretary to the Board of Directors, in accordance with the abovementioned article 26 of the Bylaws.

III. ACTIVITIES OF THE COMMITTEE IN 2017

During 2017 the Committee has met on ten occasions and provided periodic updates to the Board regarding its deliberations and actions.

The following are the issues discussed during 2017 in subject areas pertaining to this Committee:

a) In relation to the composition of the Board of Directors and the Board Committees.

The Board of Directors was restructured in 2017, with 9 directors standing down and 6 new directors joining, including the succession of the CEO. All the board committees were also restructured as a result. Effective January 1, 2018, the succession of the Chairman took place.

i) Succession of the Chairman of the Board of Directors:

Last October, the Board of Directors started the succession of the Executive Chairman, Mr Juan Luis Cebrián Echarri, in which this Committee has been involved along with the Nominations and Compensation Committee and the Lead Director.

After considering several alternatives and candidates, at the December 2017 Board of Directors, the directors finally accepted Juan Luis Cebrián Echarri's resignation as director and Executive Chairman with effect from January 1, 2018; and pursuant to this Committee's favourable report, approved the appointment of Manuel Polanco Moreno – at that time executive and Deputy Chairman – as non-executive Chairman of PRISA's Board of Directors with effect from January 1, 2018.

ii) Succession of the Chief Executive Officer:

In June 2017, Mr. Manuel Mirat Santiago was co-opted onto the Board as a director of the Company and, with a favourable report from this Committee, was also appointed Chief Executive Officer, to replace Mr. José Luis Sainz Díaz, with effect from 4 September 2017.

Mr Manuel Mirat will hold office as chief executive of PRISA.

iii) Restructuring of the Board of Directors and its Committees. Appointment and ratification of directors:

During the year the Committee reported favourably on the following proposals:

- The decision to submit to the General Meeting of Shareholders a proposal to ratify the appointment of the independent director Mr. Dominique D'Hinnin. In this connection it should be pointed out that although proposals were submitted to the General Meeting of Shareholders to ratify the appointments of Mr. Manuel Mirat and Mr.

Waaled Alsa'di, the Committee was not required to report on those proposals, as the appointments were not of independent directors.

- The inclusion of Mr. Mirat in the Technological Transformation Committee and the Executive Committee, after assuming his responsibilities as Chief Executive Officer.
- The appointment of the independent directors Mr. Javier Monzón, Mr. Javier Gómez-Navarro, Mr. Javier de Jaime and Ms. Sonia Dulá. The appointment of Mr. Francisco Gil as a director did not require a report from this Committee because he does not qualify as an independent director.
- The reorganisation of the Executive Committee and of the Audit, Nomination and Compensation and Corporate Governance Committees following the changes in the Board of Directors in November 2017.

iv) Succession of the Secretary of the Board:

Last July, Mr. Xavier Pujol Tobeña was appointed General Secretary and Secretary to the Board of Directors, replacing Mr. Antonio García-Mon, with a favourable report from this Committee.

v) Qualitative composition of the Board of Directors:

The Committee analysed the classification of the Board members as executive, proprietary, independent and other external directors on revising the 2016 Annual Corporate Governance Report, which it will be done again done during the revision of the 2017 Annual Corporate Governance Report.

vi) Evaluation of the functioning and composition of the Board:

In 2017 the Committee has coordinated the process for self-evaluation of the Board during 2016, informing it of the outcome.

The Committee plans to carry out the process for self-evaluation of the Board during 2017, and will inform the Board of the outcome of it and will propose the corresponding action plans in view of the result of this self-evaluation. The evaluation of this year will be subject to a singular procedure taking into account the specific circumstances concurrent in this occasion.

b) Corporate governance and corporate social responsibility strategy of the Company:

i) Criminal liability prevention model:

In relation to the criminal liability prevention model that was implemented in the Company in 2016, during 2017 this Committee monitored the compliance plans and the functioning of the Compliance Unit.

ii) Corporate social responsibility, sustainability and corporate reputation:

The Committee analysed and favourably reported the Sustainability Report for the year 2016, which was approved by the Board of Directors which will be performed again regarding the fiscal year 2017 report.

iii) Annual Corporate Governance Report:

The Committee proposed the Corporate Governance Report for the 2016 financial year to the Board of Directors and will propose the Corporate Governance Report for the 2017 financial year to the Board of Directors.

iv) Corporate governance recommendations of the CNMV:

During the year, the Committee monitored the Company's compliance with the corporate governance recommendations issued by the CNMV.

v) Supervision of investor and shareholder relations strategy and communications strategy, including small and medium-sized shareholders:

In 2017 the Committee verified the application of the general principles and rules of conduct set out in the "Policy on Communication with shareholders, institutional investors and proxy advisors" during the previous year. A similar verification has been carried out in 2018 with respect of financial year 2017.

c) Internal rules of the Company:

i) Amendment of the internal governance rules.

The Committee issued a favourable report on the proposal to submit to the Ordinary General Meeting of Shareholders an amendment to article 25 of the Bylaws relating to the composition of the Audit Committee in order to adapt it to the wording of article 529 *quaterdecies* of the Capital Companies Act.

At its meeting in October 2017, at the proposal of this Committee, the Board also agreed to amend the Board of Directors Regulations so as to allow the vice-chairman of the Board of Directors to be assigned powers and responsibilities in the different corporate bodies and also so as to adapt the Regulations to the new wording of the Bylaws as regards the Audit Committee and make some technical improvements to the drafting of the Regulations.

Lastly, the Committee performed at the end of the year a preliminary analysis of the framework of the Company's corporate governance which review will be carried out in 2018 in order to adapt the corporate governance to the Company's new circumstances (including the nature of the Board Chairmanship from an executive to a non-executive role) and also in order to reorganize the Board Committees and adequate its performance rules and regulations to the latest recommendations and best practices in corporate governance matters.

ii) Examination of compliance with the Board Regulation, Internal Conduct Regulation, and, in general, the Company's governance rules.

In 2017 the Committee analysed the level of compliance with the Company's governance rules and procedures during 2016 and has done so once again with

respect to financial year 2017, in both cases with the aid, among other things, of the information provided by PRISA's Compliance Unit.

d) Other matters

At its meeting in December 2017, the Board of Directors of PRISA formally agreed to create a PRISA Group Editorial Committee, reporting to the PRISA Board of Directors, whose mission will be to support PRISA Group's media and ensure that they perform their tasks with proper exchange of opinion and debate on the selection of, and approach to, the subject matter to be presented.

This Committee reported favourably on the creation of that Editorial Committee and on its principles of operation and organisation. It also issued a report on the appointment of Mr. Juan Luis Cebrián as its Chairman.

That report was approved in Madrid at the meeting of the Corporate Governance Committee held in February 2018.